

## Federal Housing Finance Board

## § 925.15

and lending practices will include originating or purchasing long-term home mortgage loans.

(3) *10 percent requirement*—(i) *One-year requirement*. An applicant that is subject to the 10 percent requirement of section 4(a)(2)(A) of the Act and section 925.6(b) of this part, shall have until one year after commencing its initial business operations to meet the 10 percent requirement of § 925.10 of this part.

(ii) *Conditional approval*. The applicant shall be conditionally deemed to be in compliance with the 10 percent requirement of section 4(a)(2)(A) of the Act and section 925.6(b) of this part. An applicant that receives such conditional membership approval is subject to the stock purchase requirements of § 925.20 of this part and the advances provisions of part 950 of this chapter.

(iii) *Approval*. The applicant shall be deemed to be in compliance with the 10 percent requirement of section 4(a)(2)(A) of the Bank Act and section 925.6(b) of this part upon receipt by the Bank from the applicant, within one year after commencement of the applicant's initial business operations, of evidence acceptable to the Bank that the applicant satisfies the 10 percent requirement.

(iv) *Conditional approval deemed null and void*. If the requirements of paragraph (a)(3)(iii) of this section are not satisfied, the applicant shall be deemed to be in noncompliance with the 10 percent requirement of section 4(a)(2)(A) of the Act and § 925.6(b) of this part, and its conditional membership approval is deemed null and void.

(v) *Treatment of outstanding advances and Bank stock*. If the applicant's conditional membership approval is deemed null and void pursuant to paragraph (a)(3)(iv) of this section, the liquidation of any outstanding indebtedness owed by the applicant to the Bank and redemption of stock of such Bank shall be carried out in accordance with § 925.29 of this part.

(4) *Home financing policy requirement*—(i) *Conditional approval*. An applicant that has not received its first formal, or if unavailable, informal or preliminary, Community Reinvestment Act (CRA) performance evaluation, shall be conditionally deemed to be in compliance with the home financing policy

requirement of section 4(a)(2)(C) of the Act and § 925.6(a)(6) of this part, if the applicant has filed as part of its application for membership a written justification acceptable to the Bank of how and why its home financing credit policy and lending practices will meet the credit needs of its community. An applicant that receives such conditional membership approval is subject to the stock purchase requirements of § 925.20 of this part and the advances provisions of 12 CFR part 950.

(ii) *Approval*. The applicant shall be deemed to be in compliance with the home financing policy requirement of section 4(a)(2)(C) of the Act and § 925.6(a)(6) of this part upon receipt by the Bank of evidence from the applicant that it received a CRA rating of "Satisfactory" or better on its first formal, or if unavailable, informal or preliminary, CRA performance evaluation.

(iii) *Conditional approval deemed null and void*. If the applicant's first such CRA rating is "Needs to Improve" or "Substantial Non-Compliance," the applicant shall be deemed to be in noncompliance with the home financing policy requirement of section 4(a)(2)(C) of the Act and § 925.6(a)(6) of this part, subject to rebuttal by the applicant under § 925.17(f) of this part, and its conditional membership approval is deemed null and void.

(iv) *Treatment of outstanding advances and Bank stock*. If the applicant's conditional membership approval is deemed null and void pursuant to paragraph (a)(4)(iii) of this section, the liquidation of any outstanding indebtedness owed by the applicant to the Bank and redemption of stock of such Bank shall be carried out in accordance with § 933.29 of this part.

(b) [Reserved]

(The information collection requirements contained in this section have been approved by the Office of Management and Budget under control number 3069-0004)

[61 FR 42545, Aug. 16, 1996, as amended at 63 FR 40024, July 27, 1998; 65 FR 8261, Feb. 18, 2000; 65 FR 13870, Mar. 15, 2000]

### § 925.15 Recent merger or acquisition applicants.

An applicant that merged with or acquired another institution prior to the

## § 925.16

## 12 CFR Ch. IX (1–1–02 Edition)

date the Bank receives its application for membership is subject to the requirements of §§ 925.7 to 925.13 of this part except as provided in this section.

(a) *Financial condition requirement—(1) Regulatory financial reports.* For purposes of § 925.11(a)(1) of this part, an applicant that, as a result of a merger or acquisition preceding the date the Bank receives its application for membership, has not yet filed regulatory financial reports with its appropriate regulator for the last six calendar quarters and three year-ends preceding such date, shall provide any regulatory financial reports that the applicant has filed with its appropriate regulator.

(2) *Performance trend criteria.* For purposes of § 925.11(b)(3)(i) (A) to (C) of this part, an applicant that, as a result of a merger or acquisition preceding the date the Bank receives its application for membership, has not yet filed combined regulatory financial reports with its appropriate regulator for the last six calendar quarters preceding such date, shall provide pro forma combined financial statements for those calendar quarters in which actual combined regulatory financial reports are unavailable.

(b) *Home financing policy requirement.* For purposes of § 925.13 of this part, an applicant that, as a result of a merger or acquisition preceding the date the Bank receives its application for membership, has not received its first formal, or if unavailable, informal or preliminary, Community Reinvestment Act performance evaluation, shall file as part of its application a written justification acceptable to the Bank of how and why the applicant's home financing credit policy and lending practices will meet the credit needs of its community.

(c) *Makes long-term home mortgage loans requirement; 10 percent requirement.* For purposes of determining compliance with §§ 925.9 and 925.10, a Bank may, in its discretion, permit an applicant that, as a result of a merger or acquisition preceding the date the Bank receives its application for membership, has not yet filed a consolidated regulatory financial report as a combined entity with its appropriate regulator, to provide the combined pro forma financial statement for the com-

bined entity filed with the regulator that approved the merger or acquisition.

(The information collection requirements contained in this section have been approved by the Office of Management and Budget under control number 3069–0004)

[61 FR 42545, Aug. 16, 1996, as amended at 63 FR 40023, 40024, July 27, 1998; 65 FR 8261, Feb. 18, 2000]

### § 925.16 Financial condition requirement for insurance company applicants.

An insurance company applicant shall be deemed to meet the financial condition requirement of section 4(a)(2)(B) of the Act and § 925.6(a)(4) of this part, if, based on the information contained in the applicant's most recent regulatory financial report filed with its appropriate regulator, the applicant meets all of its minimum statutory and regulatory capital requirements and the capital standards established by the National Association of Insurance Commissioners.

(The information collection requirements contained in this section have been approved by the Office of Management and Budget under control number 3069–0004)

[61 FR 42545, Aug. 16, 1996, as amended at 63 FR 40023, July 27, 1998; 65 FR 8261, Feb. 18, 2000]

### § 925.17 Rebuttable presumptions.

(a) *Rebutting presumptive compliance.* The presumption that an applicant meeting the requirements of §§ 925.7 to 925.16 of this part is in compliance with section 4(a) of the Act and § 925.6 (a) and (b) of this part, may be rebutted, and the Bank may deny membership to the applicant, if the Bank obtains substantial evidence to overcome the presumption of compliance.

(b) *Rebutting presumptive noncompliance.* The presumption that an applicant not meeting a particular requirement of §§ 925.8, 925.11, 925.12, 925.13, or 925.16 of this part is in noncompliance with section 4(a) of the Act and § 925.6(a) (2), (4), (5), or (6) of this part, may be rebutted, and the applicant shall be deemed to meet such requirement, if the applicable requirements in this section are satisfied.

(c) *Presumptive noncompliance by insurance company applicant with “subject*